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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Report of the Commission on Trade in Goods and Services, and Commodities on its first session

held at the Palais des Nations, Geneva,
on 6-8 November 1996 and 19-21 February 1997

UNITED NATIONS

Distr.
GENERAL

TD/B/44/5
TD/B/COM.1/6
20 March 1997

Original: ENGLISH

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GE.97-50613

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INTRODUCTION

1. In accordance with the decision taken at the thirteenth executive session of the Trade and Development Board on 8 July 1996[1/] and with the UNCTAD calendar of meetings approved by the Board at its forty-third session, the Commission on Trade in Goods and Services, and Commodities held the first part of its first session at the Palais des Nations, Geneva, from 6 to 8 November 1996, to deal specifically with item 3 of its agenda relating to the impact of the Uruguay Round Agreements. Pursuant to the same decision, the Commission held the second part of its first session from 19 to 21 February 1997, to consider agenda item 4 on trade, environment and development.

Opening statement

2. The **Deputy Secretary-General of UNCTAD** recalled that the ultimate objective of UNCTAD's work programme in the field of trade, as adopted at UNCTAD IX, was to maximize the positive impact of globalization and liberalization on sustainable development by helping developing countries and economies in transition become more effectively integrated into the international trading system. The UNCTAD secretariat was fully prepared, in this regard, to play its part on the issues of globalization and interdependence, in particular on the implications of the international trading system both for the development strategies and the long-term developmental prospects of these countries. To that end UNCTAD would cooperate closely with WTO, the linkage with which had already been established, at the intergovernmental machinery level as well as at the secretariat level. In this regard, he called for constant support and guidance from Governments to enable UNCTAD/WTO cooperation to deliver fully on expectations. Clearer priorities and new ideas on how to enhance this relationship would make a positive contribution to the work of this Commission.

3. He said that the main conclusions of the report by the UNCTAD secretariat (TD/B/COM.1/2) were: (a) the effective integration of developing countries into the multilateral system was a prerequisite for their deriving benefits from the system; and (b) these countries required the support of the international community in this endeavour. "Effective integration" referred to improving the domestic supply capabilities of developing countries to respond to new trading opportunities; to their ability to conform to the trade obligations; and to formulating and pursuing development strategies within the framework of a multilateral trading system. The specific areas for further work with a view to translating analysis into action were: the identification of all relevant issues, including constraints on the effective integration of countries into the international trading system; the strengthening of institutions and of human and financial resources so as to ensure the effective participation of developing countries in the international trading system, as well as strengthening of the capacities of these countries for designing and implementing economic policies to maximize the benefit from this participation; and the elaboration of practical recommendations on possible actions with a view to exploiting the opportunities arising in the post-Uruguay international trading environment.

4. Any expert meetings which might be convened would function under the precise terms of reference set by the Commission, which could be guided by the Midrand

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[1/] See the report of the Trade and Development Board on its thirteenth executive session (TD/B/EX(13)/2), chap. I, section B.1.

mandate, in particular: (a) enhancing greater understanding of the relationship between globalization and the instruments of the multilateral trading system; (b) maximizing the positive developmental impact of expanding trade; (c) trade in services; and (d) issues relating to commodity diversifications. The discussion on integrating trade, environment and development at the second part of the Commission's first session in February 1997 could also lead to the identification of issues where in-depth expert analysis might be required. Moreover, an executive session of the Trade and Development Board would be held in March 1997, which could suggest, on the basis of decisions taken at the WTO Ministerial Conference in Singapore, which additional issues on the international trade agenda, including new and emerging ones, should be further pursued in UNCTAD from the development perspective.

5. Referring to the longer-term perspective of the work programme, he felt it was appropriate to give some thought from the outset to the results the Commission wished to achieve, how to assess these results, and what policy objectives should be pursued. One set of expected results could be directly extrapolated from the Midrand mandate. These were the accession of more developing countries and economies in transition to WTO; improvements in the human and administrative capacities of developing countries, leading to their greater involvement in initiatives in the WTO and in the regional trading arrangements; and an improved understanding of the developmental dimension of the trade and environment nexus. Another set of results could be evaluated by analysing the economic and trade situations of developing countries, so as to assess the possible linkage between trade liberalization and the growth of their economies and their share in international trade. The overall result of this work should be to provide a deeper understanding of where the various policy options would lead the developing countries, and how they might affect the development process. UNCTAD should also try to foresee the changing policy environment in many countries and to offer more solid analysis and empirical evidence for ascertaining the developmental impact of further trade liberalization. He hoped that the policy analysis and the consensus-building engaged in by this Commission would serve to provide a clearer idea of opportunities offered by globalization, and would thus lay a firmer basis upon which both national and multilateral trade policies could be built.

Chapter I

ENABLING COUNTRIES TO RESPOND TO THE OPPORTUNITIES ARISING FROM THE URUGUAY ROUND AGREEMENTS SO AS TO DERIVE MAXIMUM AVAILABLE BENEFIT BY: ANALYSING THE IMPACT OF THE URUGUAY ROUND AGREEMENTS ON DEVELOPMENT AND ENHANCING CAPACITIES FOR PARTICIPATION IN THE MULTILATERAL TRADING SYSTEM

(Agenda item 3)

6. For its consideration of agenda item 3, the Commission had before it a report by the UNCTAD secretariat (TD/B/COM.1/2), together with statistical annexes (TD/B/COM.1/2/Add.1).

7. Introducing the report, the **Senior Programme Manager of the Division on International Trade in Goods and Services, and Commodities** said that, as a result of the Uruguay Round Agreements, export opportunities had been enhanced for all countries, including developing countries, through trade liberalization and increased security, transparency and predictability of market access. However, these enhanced opportunities would not occur at once. Trade liberalization in many areas would be implemented in stages. Notwithstanding the efforts made in reducing "tariff escalation" and "tariff peaks", these problems still remained. Moreover, the impact of the Uruguay Round's MFN tariff reduction on preference margins would not be uniform in all preference-receiving countries. An assessment of these impacts would require empirical work at a highly disaggregated level (country specific and product or sector specific). Within the framework of cooperation between WTO and UNCTAD, such empirical work was being initiated jointly. Since supply capacities would play a crucial role in determining the extent to which developing countries (and especially least developed countries) could seize the opportunities arising from the Uruguay Round Agreements, the report identified some of the measures required for improving the domestic supply response. The long-term impact of the Round would depend on the capacity of each country to respond to the new trading opportunities and on complementary policies adopted at both the national and the international levels designed to smooth the process of economic adjustment. The capacity to rationalize resource allocation, to develop supply capabilities and to increase the elasticity of supply in critical areas would thus be crucial for minimizing transitional costs and deriving maximum benefits from the opportunities arising from the Agreements.

8. Referring to chapter II of the report, he said that the main challenges of integration into the international trading system faced by the developing countries and countries in transition were in the following areas: (a) establishment of, or improvements in, institutional mechanisms for providing information and support to the private sector; (b) the challenges faced by non-WTO members in seeking accession to the WTO; (c) conforming to multilateral trade obligations; and (d) preparing for an effective participation in the future trade negotiations, including regional, subregional and bilateral negotiations. Meeting these challenges would require a substantial strengthening of institutional infrastructure, which implied a need to identify the skills and resources required to make national trade-policy institutions workable and effective. National efforts would play a crucial role in building capacities for enhancing participation in the multilateral trading system, but these efforts would need to be supported by strengthening multilateral technical assistance and by general analysis of issues. Particular attention would have to be paid to the needs of the least developed countries in that context.

9. The spokesman for the **Asian Group and China** (Pakistan) said that his Group expected the Commission to agree on a set of action-oriented conclusions identifying concrete measures that would enable countries to derive maximum benefit from the Uruguay Round Agreements. These conclusions should also serve as signposts for action by the UNCTAD secretariat to help member States participate effectively in the multilateral trading system.

10. Commenting on the secretariat report (TD/B/COM.1/2), he was of the view that it did not analyse sufficiently the existing global economic environment which, in many respects, was inimical to development, given persistent debt burdens, declining ODA, uneven private investment flows, and overly cautious deflationary policies of developed countries. Even the most strenuous efforts to capitalize on opportunities created by the Uruguay Round would founder in the face of structural global economic constraints. The report appeared to gloss over the flaws inherent in the Uruguay Round Agreements, which inevitably had a deleterious effect on development. He cited such examples as:

- Absence of tariff reductions on 22 per cent of dutiable imports which were of particular interest to developing countries;

- A relatively high degree of tariff escalation in most product groups, again particularly those of export interest to developing countries;

- Persistence of peak tariffs on sensitive products such as textiles, leather, footwear, fish and fish products;

- Provisions that led to higher food bills for net food-importing countries during the period of transition;

- More stringent provisions on patent protection which were likely to result in higher prices for pharmaceutical products and for advanced technology.

11. The implementation of the Uruguay Round Agreements was also revealing factors that would have a negative impact on development. These included:

- Continued resistance by developed countries to the dismantling of barriers that protected sectors and industries that were no longer competitive;

- Unsatisfactory progress in the integration of textiles into the multilateral trading system;

- Inadequate assistance to developing countries in coping with the demands generated by the Uruguay Round Agreements. Accession to and implementation of the current Agreements, and negotiations on future ones, were among the areas where assistance was required.

12. An objective assessment of the impact of the Uruguay Round Agreements would enable developing countries to benefit from the opportunities created by the Agreements. Such an assessment would need to include:

- A continuing analysis of global economic factors that restricted the ability of developing countries to enhance their trade, and the identification of actions required to alleviate such factors;

- Strengthening the capacity of UNCTAD to provide an ongoing independent and impartial assessment of the impact of the Uruguay Round Agreements, and to recommend policy options for developing countries. Joint studies with other organizations were useful only if they did not shy away from pursuing awkward lines of inquiry and from uncomfortable truths.

13. He recalled that the developing countries acceding to the Uruguay Round Agreements had indicated their commitment to an open and rule-based trade regime, in the expectation that the regime would be equitable. If the perception gained ground that the principle of equity was being eroded, their commitment to the Agreements would risk coming under pressure. History was replete with examples of international agreements that had failed because they could not provide all participants with a sense of shared benefits. He cautioned that such unfortunate instances of unsuccessful global regimes should not be repeated by failing to address the shortcomings of the Uruguay Round Agreements.

14. The spokesman for the **African Group** (Morocco) said that the measures proposed in the secretariat report for strengthening the capacity of developing countries to participate in the multilateral trading system were of particular interest to African countries. The African Group, however, would have welcomed more emphasis on the development aspects of the Uruguay Round Agreements. The approach followed in the report, in particular in paragraphs 50 to 55, related more to the commercial dimension of the Agreements than to the development implications. Moreover, the report did not take into account internationally applied development indicators. While the report highlighted internal parameters, it passed over in silence the constraints and measures to be taken at the international level: the international environment, access to world markets, reduction and elimination of protectionist measures including under new forms, also affected the integration of developing countries into the international trading system and their capacity to benefit from trading opportunities. It was necessary to achieve an open, equitable, transparent, non-discriminatory trading system. The report could also have further examined the constraints facing commodity-dependent countries and proposed recommendations to assist these countries in their efforts to exploit the opportunities offered by the Uruguay Round. Paragraph 91 of the Midrand Declaration gave a clear mandate in this respect.

15. In order to integrate developing countries into the world economy, avoid the risk of marginalization of certain of these countries and maximize the benefits of liberalization that might accrue to them, it would be necessary to implement fully the Uruguay Round Agreements, including measures permitting the elimination of the possible harmful effects on least developed and net food-importing countries, in particular as laid down in the Marrakesh Decisions. To strengthen the participation of developing countries in the multilateral trading system, a balance had to be achieved, in present and future negotiations, between rights and obligations in WTO and between the interests of major trading partners and the development needs of developing countries. This equilibrium was of the utmost importance, given that the world economy could not function properly without taking into account the aspirations of the majority of potential actors. Their participation in decision-making, in particular in key multilateral institutions, was also an important element to maximize benefits accruing from international agreements and strengthening integration.

16. Most studies recognized that the long-term benefits that Africa could derive from the Uruguay Round would be outweighed by short-term losses. The African continent would therefore be marginalized if concrete measures were not adopted by

the international community. Sixty-five per cent of the active population in Africa was engaged in the production of commodities and therefore horizontal and vertical diversification was a *sine qua non* for the development of this region; this diversification needed to be supported by the development of the other sectors of the economy, by technology, transport and communication, and by strengthening of the private-sector participation. Africa had an urgent need for international support in this endeavour and considered that developed countries should facilitate, *inter alia*, market access for African products, eliminate barriers and restrictive commercial practices, and ameliorate preference schemes.

17. The representative of the **Russian Federation** stated that his Government considered as one of the main priorities in UNCTAD's overall mandate its analytical work and technical cooperation for both facilitating the adaptation of developing countries and economies in transition to the post-Uruguay Round period, and helping to identify and expand new trading opportunities of these countries. In this context, it was especially important for the countries in the process of integration into the world economy, including the Russian Federation, to receive practical technical assistance supporting accession to the WTO through improved understanding of multilateral trade rules and disciplines, as well as negotiating and human resource capacities. Such assistance should also cover the post-accession period of implementing the WTO rights and obligations. By providing technical assistance in this area, UNCTAD would contribute substantively to the formation of a more universal international trading system.

18. He expected that, in the course of the Commission's work, there would be an opportunity to exchange experiences, especially those of long-standing GATT/WTO members, on ways and means to strengthen administrative infrastructures, human resources and trade-policy mechanisms. Regarding other aspects of the Commission's work programme, he mentioned the need to use UNCTAD's analytical potential for evaluating country- and sector-specific real economic effects of the Uruguay Round implementation. Such evaluation could have a practical impact on establishing consensus within the relevant countries, including his own, on matters related to the WTO accession and membership. Other matters of interest to his delegation included: the process of implementation of the WTO Agreements in other countries, including new legislation; and new trading opportunities in goods and services. Furthermore, the Commission should secure its mandate on such important issues as integrating trade, environment and development; trade in services; improvement of trade preferences; and identification of obstacles and barriers to trade. In this context, he supported the proposal to adapt the Commission's terms of reference in the light of the results of the WTO Singapore Ministerial Conference.

19. The spokesman for the **Latin American and Caribbean Group** (Panama) expressed appreciation for the secretariat report (TD/B/COM.1/2), which was well-balanced and contained practical suggestions on those measures which should be implemented to help developing countries face the new situation. UNCTAD had a clear and important task to carry out: to help strengthen the developing countries' participation in the international trading system as well as in the international negotiations. Agriculture and textiles were two areas of particular interest to developing countries. However, developing countries would be interested in participating in future negotiations only if they could see concrete and positive results coming from them. He hoped to see the WTO Ministerial Meeting contributing to improved market access conditions for developing countries and to avoiding their marginalization.

20. He suggested that the work of the Commission could focus on singling out the new market opportunities which had emerged in different regions and subregions as a result of the Uruguay Round, as well as the new barriers to the expansion and

diversification of international trade. He also stressed the need to set up a strong programme of technical cooperation aimed at strengthening institutional capacities in developing countries, and the links between government and private sector.

21. Finally, he suggested that the expert group meetings which would be convened in 1997 could address the following issues: commodities diversification; promotion of trade in services; strengthening of institutional capacity; and trade and environment.

22. The representative of **Cuba** noted that the main results of the Uruguay Round were a more open international trading system and more clear international trade rules. However, developing countries were still unable to benefit fully from these positive results, and some developed countries were setting up new non-tariff measures which were hindering trade and development opportunities for developing countries. Of particular concern were the trade embargo that the United States had maintained against Cuba over the past 35 years and the new Helms-Burton law, which had been rejected by the international community because it violated international trade principles.

23. He suggested that the Commission could focus its future work on the following topics: the need to ensure a clear, stable and predictable economic and financial environment, which would favour foreign direct investment and the growth of international trade; the recognition of the importance of developing-country integration into the global economy, including international trade; the need for all countries to comply with the obligations undertaken in the Uruguay Round; the avoidance of the setting-up of new trade-restrictive measures by developed countries; the importance of reconfirming the need for special and differential treatment for developing countries; improved market access conditions for goods and services of export interest to developing countries; the establishment of measures which would help developing countries to increase their supply capability, their competitiveness, and their access to foreign financing; support to developing countries in the development of appropriate national policies to promote and attract foreign investments and assistance to enable them to better understand and benefit from the results of the Uruguay Round; and finally, increasing technical assistance activities in the area of commodities, including risk management, and contributing to the establishment of a fair international environment for commodities-exporting countries, which would guarantee equitable prices for both producers and consumers, increase productivity and encourage diversification.

24. The representative of the **European Commission** praised the secretariat report for its balanced description of market access possibilities opened up for developing countries by the Uruguay Round. However, the dynamic effects on world trade and, in particular, developing-countries' exports arising from the Uruguay Round could have been brought out more clearly. While he agreed that on paper some of the Uruguay Round's effects would not begin to operate for many years to come, the guarantee of a more secure trading framework in the future could induce higher trade flows at present. In outlining the negative effects of tariff escalation in section I.A of the report, more attention might have been given to the consideration of the links between MFN and preferential regimes, since the existence of preferential margins in relation to tariff levels mitigated the effects of tariff escalation.

25. He called for greater attention to be paid to least developed countries in UNCTAD's future analytical work on market access, since the integration of the LDCs into the global trading system was an essential element of sustainable growth and

development. He observed that the EU was providing 60 per cent of the LDCs' preferential export markets.

26. He felt that the separation of "strengthening trade-supporting services" and "trade efficiency measures" in section I.B of the report was in contradiction with efforts to improve trade-supporting services where integration of trade efficiency and Trade Point efforts was of marked importance.

27. With regard to the preparation of individual country studies, he proposed that the scope of these studies be broadened to include examination of the capacity-building issues as discussed in section II of the report so as to better identify policy approaches as well as technical assistance needs of developing countries. He saw this as an opportunity to examine: links between tariff reductions resulting from WTO agreements and preferences granted through the GSP and other preferential agreements; how reduction in agricultural subsidies by major exporters had resulted in competition for local and regional producers; and effects of the agreements on services, intellectual property rights, sanitary measures and technical barriers to trade.

28. In addressing the issue of technical assistance, he emphasized the need for developing countries themselves to seek to improve legislative frameworks and institutional structures. Technical assistance should play a supporting role in this process, and the quality of such assistance was most important. In providing technical assistance activities, the needs of the LDCs should in the EU's view be addressed as a priority issue. In this context, he pointed to the regional basis of technical assistance activities, with the greater role in capacity building expected from South-South cooperation. For this purpose, interested developing countries could establish regional centres devoted to international trade questions as an effective means to diffuse expertise and knowledge. In view of the limited financial resources available to support these assistance activities, the role of bilateral donors would be critical.

29. The representative of the **Food and Agriculture Organization of the United Nations** (FAO) said that the forthcoming summit in Rome on food security was expected to lead to the adoption of international policies and strategies, as well as action by governments, international institutions and all sectors of the civil society. Food security went beyond the problem of production, since it involved access and distribution, including international trade in food and other commodities. As agricultural commodities continued to play a vital role in the economies of many developing countries, there was a continuing need to increase market transparency, to improve the transmission of price signals, to seek consensus among exporters and importers on policies, to pursue commodity development activities, to address environmental concerns in specific commodities and to seek WTO compatible means to handle commodity price instability. FAO's ten Intergovernmental Groups on Commodities were currently looking into these issues for a wide range of agricultural commodities. Fundamental to the attitude of developing countries to participation in the negotiating process and to their acceptance of further liberalization in agriculture was their belief that they were getting a fair share of the gains to be derived from the liberalized regime and that they were not exposing their economies to undue risks from openness to the world market. Assessments to date indicated that opportunities for developing countries would increasingly come from exploiting diversification possibilities: geographically, by expansion into faster growing import markets; horizontally by increasing the spread of commodities exported; and vertically, by increasing the value-added for exported products. Ongoing work in FAO indicated that tariff escalation had been reduced as a result of the Uruguay Round, which could offer developing countries new

opportunities for diversification. Future work on the Uruguay Round and develo countries would include responding: to assistance requests from indivi countries to collaborate in reviewing their present agricultural policies regard to the Uruguay Round Agreement on Agriculture (AoA); to requests assessments of the impact of the AoA on specific commodity groups, such as oils or fruits and vegetables; to regional requests for reviews of the AoA impact on security, on structural adjustment and on the small farmer; and, on a regular ba to public and private sectors for information or advice. FAO envisaged increasing demand for advice with regard to the AoA, including for techn cooperation projects, in such specific areas as disease risk analysis in the an husbandry sector. Thus, much work remained to be done by all organization assisting the developing countries in the follow-up to the Uruguay Round, a tas which FAO looked forward to collaborating with UNCTAD.

Action by the Commission

30. At its 2nd plenary meeting, on 8 November 1996, the Commission adopted d agreed conclusions on agenda item 3.[2]

31. At the same meeting, the Commission took note of the text of the summar the Chairman and agreed to annex the summary to the final report on its f session.[3]

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[2] Subsequently circulated in TD/B/COM.1/4. For the agreed conclusion see annex I.A.

[3] Subsequently circulated in TD/B/COM.1/5. For the Chairman's summa see annex II.A.

Chapter II

INTEGRATING TRADE, ENVIRONMENT AND DEVELOPMENT: RECENT PROGRESS AND OUTSTANDING ISSUES

(Agenda item 4)

32. For its consideration of agenda item 4, the Commission had before it a report by the UNCTAD secretariat (TD/B/COM.1/3 and Corr.1).[4/]

33. The **Secretary-General of UNCTAD** said that deliberations in many fora had shown that the relationship between trade, environment and development was a complex one and that it was therefore necessary to integrate the three policy objectives through a balanced approach based on a holistic appraisal of trade and environment issues. Progress in the post-UNCED debate was attested by: the increased focus on exploring the scope of complementarities between trade liberalization, economic development and environmental protection; the greater degree of confidence built up between the environmental and trade communities; a balanced and integrated approach to the trade and environment agenda encouraged by the international community; and, the work programmes of UNCTAD, WTO and UNEP which, together with the Commission on Sustainable Development, had clearly anchored the objectives of sustainable development and the trade and environment theme. Nevertheless, he warned against complacency. In recalling the expectations generated at UNCED which had not been fulfilled, he observed that several developing countries had benefited little from recent trade liberalization, particularly in Africa, and that the benefits of foreign direct investment had also been uneven. Thus access to resources which would make it easier to protect their environment and enhance the sustainability of their development had not expanded as much as they might legitimately have hoped. Moreover, little progress had been made in halting the marginalization of least developed countries in the world economy and the corresponding weakening of the basis for their sustainable development. There was widespread recognition that the required level of access to technologies and their transfer to developing countries, as well as the provision of adequate financial resources to implement Agenda 21, had in general not been achieved.

34. These unfulfilled expectations prompted him to suggest that the future trade, environment and sustainable development agenda should focus on the promotion of development-friendly trade and investment, building on potential synergies between trade liberalization, economic reform, and improved management of natural resources and the environment. This would require an examination of the roles of investment incentives, economic instruments - in particular market-based ones - and other initiatives in stimulating sustainable development. The business community and the civil society must also be involved in designing and effectively implementing "positive measures" for sustainable development, including access to and diffusion of environmentally sound technologies, and the promotion of trade in environmentally friendly products. He also noted the call made for international cooperation on reforms such as carbon taxes and auctioning of internationally tradable emission

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[4/] By decision of the Board at its thirteenth executive session, agenda item 4 and the relevant secretariat report were to be considered at the second part of the first session of the Commission, in February 1997. At the same time, it was agreed that the report would be made available to the Commission at the first part of the session in November 1996 to facilitate national preparations on this item.

permits. UNCTAD had done pioneer work both on tradable permits and on developing proposals aimed at finding ways to make the Convention on bio-diversity economically meaningful. All of these measures were natural components of a holistic approach to the trade-environment-development nexus.

35. The **Senior Programme Manager of the Division on International Trade in Goods and Services, and Commodities** said that, though unevenly, some progress had been made in each of the areas dealt with in the secretariat's report. Competitiveness was an issue on which the debate had perhaps evolved most. Conceptual and empirical work had helped to set aside a number of issues which could have been a source of conflict and the debate on competitiveness and market access had become much more pragmatic. On eco-labelling, little progress had been made in building consensus on how to deal with the issue of non-product-related processes and production methods (PPMs). More work would be needed on tools such as mutual recognition and equivalency as well as on market responses to eco-labelling. Among the questions emerging on multilateral environmental agreements (MEAs), he referred to the range of policy instruments for achieving their objectives, their economic and developmental effects and the participation of developing countries in MEAs, taking into account the principle of common but differentiated responsibilities. Outstanding issues in trade liberalization and the environment included the potential environmental benefits from liberalization for sectors and products of particular interest to developing countries, the promotion of trading opportunities for environment-friendly products and, in a few cases, of preferential market access. While there had not yet been any attempt to reach an agreed definition of "positive measures, reference was invariably made to market access, access to finance, and access to and transfer of technology and capacity building. In spite of the importance of "positive measures" in achieving the objectives of Agenda 21, progress in their implementation had been slow. Accordingly, there was a need for new approaches to ensure a more widespread and effective use of positive measures.

36. Referring to the report by the secretariat (TD/B/COM.1/3), he said that the aim had been to present a pro-active agenda, focusing on the concept of sustainable development. In this regard, he mentioned the issues of processes and production methods, foreign direct investment and small and medium-sized entreprises. On trade in biological resources (BIOTRADE), he said that the Commission on Sustainable Development had welcomed UNCTAD's work and encouraged further consultations on this issue. Recalling that the United Nations General Assembly had stressed the role of UNCTAD in the context of its forthcoming special session, he said that UNCTAD attached high priority to this review, in particular through the UNCTAD Commission's deliberations and the message it might wish to send to the fifth session of the Commission on Sustainable Development.

37. The spokesman for the **Latin American and Caribbean Group** (Jamaica) said that the secretariat's recent report on UNCTAD activities on trade, environment and development (UNCTAD/ITCD/TED/Misc.4) was comprehensive in its coverage and identified the major issues in UNCTAD's work programme and in cooperation with other international organizations and the civil society. He suggested that the Commission's debates should focus on three areas: (a) policy analysis; (b) conceptual and research work; and (c) capacity building. Policy analysis would be useful only if it resulted in effective policy instruments that were used by Governments and the international community. Further work was required on "positive measures" and UNCTAD and its member States should give greater precision to this concept. He noted that the UNCTAD secretariat and the secretariat of the Rio Convention had agreed jointly to elaborate on the concept of incentive measures.

38. Regarding capacity-building, he fully agreed with the Secretary-General of UNCTAD that analysis and policy dialogue were not ends in themselves, but that they should contribute positively to capacity-building in member States, with particular emphasis on those requiring special attention. Therefore, the agreed conclusions of the Commission should incorporate substantial elements in these three areas.

39. As for the proposal that the Commission on Trade in Goods and Services, and Commodities send a message to the Commission on Sustainable Development, he said the aim would be to focus on the integration of trade, environment and development and on agreeing that unilateral action should be replaced by genuine multilateral cooperation.

40. Finally, he said that the Workshop on the Biotrade Initiative had been informative and, as recognized by the Conference of the Parties on Biodiversity, the Initiative should be supported. The document on biodiversity conservation and sustainable development was a worthwhile contribution to an understanding of the issues and a future work programme.

41. The spokesman for the **African Group** (Morocco) said the time had come to reflect on what had been accomplished since 1992 with regard to the interface between trade, environment and development as well as on what had hindered the fulfilment of a number of objectives essential to the balance of environmental obligations and legitimate concerns of economic and social development. He referred in particular to the lack of progress in the implementation of positive measures, such as transfer of technology and access to finance, which were essential if developing countries were to pursue their programmes of environmental protection and sustainable development. UNCTAD should reflect on initiatives to promote the implementation of such measures and the international community should no longer call on developing countries to abide by their obligations unless it was itself prepared to help them to attain a balance between such obligations and their rights and aspirations to development.

42. Regarding the difficulties facing developing countries, particularly in Africa, a great number of their export products might be affected by environmental measures that could diminish their export capacity, and hence reduce their ressources for environmental protection. Helping these countries to develop and diversify their commodities and exports, as well as allowing them to export products with high value-added, would contribute to the efforts made to protect the environment. Moreover, poverty was a determining factor in environmental degradation, especially in the least developed countries. Africa was not attracting much foreign investment at present and so remained disadvantaged compared with other regions, since this kind of financial flow was becoming more important than public development aid flows, which were constantly decreasing. Accordingly, in considering the issue of integrating trade, environment and development, the international community in general, and UNCTAD in particular, should give special attention to the African and the least developed countries.

43. Although considerable progress had been observed on market access conditions following the conclusion of the Uruguay Round, he warned that the trend towards more open markets should not be hampered by the use of environmental principles and regulations as new forms of protection against exports from developing countries. This could only hinder environmental protection since it would limit these countries' participation in international trade and therefore reduce their resources. If the objectives of environmental protection and development were to be attained, it was urgent to eliminate trade restrictions and distorsions affecting commodity prices.

44. Finally, he argued that trade, environment and development should be addressed in an integrated manner, having in mind that the development dimension was crucial for developing countries and that it was only when an adequate level of development was reached that these countries could contribute to environmental protection.

45. The spokeswoman for the **Asian Group and China** (Philippines) echoed the call made in Midrand (para. 91 (iv)) that the policy debate of the Commission should focus on the examination of trade and environment issues from a development perspective. Within this framework, the proposed topics for expert meetings should be made more relevant and directed to the needs of developing countries, with enough leeway to accommodate the interests of all delegations. A basic concern of developing countries was the scope of complementarity between trade liberalization, economic development, and environment conservation and protection. The Asian Group understood the importance of policy coordination, which should start at the national level but should also encompass the international level. The constraints on domestic policies in individual member States should be taken into account in international negotiations.

46. She felt that "positive measures" could be effective in helping developing countries to achieve the objectives of sustainable development and to observe the rules and provisions of the international trading system and the MEAs. Clearly, much work had been undertaken and progress had been achieved in this area. She agreed with the focus set by the UNCTAD secretariat on market access, access to and the transfer of technology, financial mechanisms, and capacity-building. However, there was a need to come to a consensus on a more definitive agenda and programme of action that would fully implement decisions already taken on the issue of positive measures. She attached importance also to environmentally sound technology and development-friendly trade investment that called for the participation, in terms of funding and human resources, of both the business sector and the civil society in the deliberations of Governments on policy and programmes of action. Chief among the goals of sustainable development was the elimination of poverty, which was a major cause of environmental pollution. The time had come to reassess individual national approaches to poverty alleviation. She fully supported the BIOTRADE initiative being pursued by UNCTAD - an interesting proposition which might yield a feasible way out of the cycle of poverty alleviation and environmental degradation.

47. The Asian Group and China considered that the implementation of viable financial mechanisms was of the utmost importance. While there was a willingness to respond positively to the need for environmentally sound methods of processing and consumption, developing countries were too hard-pressed financially to break with the past. Public funding at the national level was diminishing and it was essential to search for alternative sources of funds and resources, including FDI. UNCTAD could play a central role through focused research and the development of a future work programme that would help developing countries to comprehend fully the impact of trade liberalization in promoting sustainable development and in creating and expanding trade opportunities for exporting countries in the developing world.

48. The representative of the **Food and Agriculture Organization of the United Nations** stated that the FAO Committee on Commodity Problems (CCP) would continue, at its sixty-first session, the examination of issues regarding the links between trade, environment and sustainable agricultural development. In order to avoid duplication, activities in this area had been planned in consultation with other agencies. Work had thus been concentrated on environmental effects specific to production and processing of agricultural commodities, and on the development of a methodology for the measurement of trade effects associated with environmental

problems. Regarding the former, studies had been carried out on grains, rice, oilseeds and citrus. Earlier studies had dealt with jute, kenaf and allied fibres, hides and skins, livestock and fishery products. With regard to forestry, issues such as certification of environmentally sound products were being closely monitored. Pointing to some general conclusions resulting from the analyses, he said that: the linkages between trade, environment and sustainable agricultural development were complex; there were generally small increases in production costs, with little effect on international trade, resulting from environmental policies related to specific agricultural commodities analysed in depth, although they could have some effects for the whole sector; more stringent production and/or processing environmental policies could have significant effects on competitiveness and on export opportunities for developing countries; and environmental effects were dependent on specific eco-systems, and policies to address them were dependent on the country's level of development.

49. Regarding the methodology, he said that, although reasonably well defined, it required further refinement and testing. It had, nevertheless, improved the understanding of the issues. The programme of work proposed to the CCP for the next biennium included further work on the development and applications of the methodology for the measurement of trade effects of environmental regulations and additional environmental assessment relating to specific commodities. Finally, he said that FAO was ready to work closely with UNCTAD and other international organizations on understanding the linkages between trade, environment and sustainable development.

50. The representative of **The Netherlands**, speaking on behalf of the **European Union**, said that the Union would reserve its detailed comments for the informal discussions on this item, since it was his understanding that the new Commissions were meant to move away from the formula of prepared statements in the plenary. The Union had nonetheless noted the views and positions of the three regional groups.

51. The representative of the **European Community** said that the secretariat documents on this item were in general good, but the treatment of the issues was still rather too abstract. It was now necessary to move to more concrete objectives and measures. The secretariat documentation had, in his view, laid greater emphasis on the point of view of traders rather than environmentalists, so that an attempt should be made to close the gap between trade issues and environmental issues.

52. The representative of **South Africa** said that his country welcomed the work done by UNCTAD on BIOTRADE. That work recognized the vast amounts of natural capital possessed by developing countries. South Africa also appreciated the initiative by UNCTAD, in cooperation with UNEP, to look at developing-country experiences with the Montreal Protocol, the Basel Convention and CITES. The importance for developing countries of having a clear understanding of the issues which confronted them, especially when choices had to be made and new and innovative answers found, could not be over-emphasized.

53. In this regard, he noted that there was one crucial area where research assistance seemed to be lacking, namely climate change. A preliminary reading of the recent UNCTAD document "Promoting the transfer and use of environmentally sound technology: a review of policies" showed that it addressed, *inter alia*, measures relevant to the climate change issue. Climate change posed enormous challenges for the international community as it looked beyond the year 2000. No issue revealed more clearly the global interrelatedness of the world's ecosystems and the futility of marginalizing some countries or regions. Furthermore, this enormously complex

issue offered various opportunities to achieve some of the central objectives proclaimed in UNCTAD reports, such as "cost sharing", win-win situations", "transfer of technology" and "applying market mechanisms" at the international level.

54. Accordingly, and in keeping with the commitment made at UNCTAD IX to search continually for new and innovative ways to help the development debate keep pace with international priorities, South Africa wished to urge UNCTAD to seriously consider further examination of innovative "positive measures" under the United Nations Framework Convention on Climate Change (UNFCCC) to promote the goals of sustainable development. This should be done in consultation with the secretariat of the UNFCCC. Such work should also feed into the Expert Meeting on positive measures which the Commission had now agreed upon. The bodies of the UNFCCC were examining the various possibilities available. Yet the complexity of the issue, involving as it did energy policy and trade, warranted particular research assistance to developing countries concerning the desirability and feasibility of options such as "joint implementation (JI)" and "tradable permits". He felt that empirical research was needed in the field of energy on the possibilities and expected consequences for developing countries. A number of countries from his own subregion had already expressed their support for this request and he hoped that other countries would also lend their support. What was at stake here was not only intra-generational equity, but also the interests of generations to come.

55. The representative of **Bangladesh** recognized that the links between trade, environment and development were of utmost concern to the global community. Nevertheless, all member countries could not be assumed *ipso facto* to assign the same level of priority to this subject and for very good reasons. Frankly, in an LDC like Bangladesh, environment and development-related issues, understandably, were not of primary importance. For his country, it was the underlying infrastructural development of the economy, which would open opportunities for earning the basic necessities of life, that was the essential factor. Moreover, despite centuries of external exploitation and resource transference, the native environment, which provided the essential resources for his country's economic activities, remained relatively pristine, for the domestic industries, rudimentary as they were, did not generate pollutants on the scale found in many other parts of the world. Nevertheless, the global environment, taken in its totality, was without frontiers. As a consequence all countries were equally affected by environmental degradation, irrespective of its origin. This being so, a multilateral approach to these issues was perhaps the only option.

56. Much progress had been achieved in assessing the interaction between environment and sustainable development and the secretariat report (TD/B/COM.1/3) provided an in-depth analytical background of great value. There was clearly a need for increased technical assistance, training and technology transfer to sensitize and "capacity-build" the appropriate sectors of the economies in the developing countries, particularly in the LDCs.

57. He noted with concern, however, that the secretariat report (para. 92(d)) stated that SMEs "... often make a relatively large contribution to industrial pollution". Such a generalization should be qualified on the basis of realities existing on the ground. There was no universal definition of an SME. In the LDCs they were usually micro-scale enterprises using indigenous technology and human labour. They used and processed materials primarily of natural origin available locally. Being biodegradable, these raw materials did not produce by-products that

were eco-hostile. It would therefore be legitimate to argue that micro-enterprises in LDC economies be cleared of their undeserved share of blame in this global pollution chain.

58. LDCs were conscious of the existing realities and limitations in the global economic landscape. Although currently marginalized and apparently remote from the centre stage of the pollution drama, they would still wish to be mainstream participants in global action programmes initiated to counter the effects of universal environmental degradation. His delegation was thus ready to join other delegations in reaching conclusions which correctly reflected universal concerns and took into consideration the predicaments of the low-income countries.

Action by the Commission

59. At its 5th (closing) plenary meeting, on 21 February 1997, the Commission adopted draft agreed conclusions on agenda item 4.[5/]

60. At the same meeting, the Commission adopted the text of a Message from the UNCTAD Commission to the Commission on Sustainable Development at its fifth session, and decided that the agreed conclusions on agenda item 4 would be attached to the Message. [6/]

61. Also at the closing meeting, the Commission took note of the summary presented by the Chairman in his personal capacity (TD/B/COM.1/L.2), with a number of amendments, and agreed to annex the summary to the final report on its first session.[7/]

[5/] Subsequently circulated in TD/B/COM.1/L.4. For the agreed conclusions, see annex I, B.

[6/] For the text of the Message, see annex III.

[7/] The amended version of the Chairman's summary was subsequently circulated in TD/B/COM.1/L.2/Rev.1. For the summary, see annex II.B.

Chapter III

ORGANIZATIONAL MATTERS

A. Opening of the session

62. On behalf of the Secretary-General of UNCTAD, the first session of the Commission on Trade in Goods and Services, and Commodities was opened on 6 November 1996 by Mr. Carlos Fortin, Deputy Secretary-General of UNCTAD. (For the opening statement by Mr. Fortin, see Introduction).

B. Election of officers

(Agenda item 1)

63. At its first meeting, on 6 November 1996, the Commission elected its Bureau as follows:

Chairman:	Mr. Daniel Bernard	(France)
Vice-Chairmen:	Mr. Eumelio Caballero	(Cuba)
	Mrs. Rafla Mrabet	(Tunisia)
	Mr. Adam Qrzechowsky	(Poland)
	Mr. John Rosenbaum	(United States of America)
	Mr. Agus Tarmidzi	(Indonesia)
Rapporteur:	Mr. Sek Wannamethee	(Thailand)

C. Adoption of the agenda and organization of work

(Agenda item 2)

64. At the same meeting, the Commission adopted the agenda for its first session (TD/B/COM.1/1), having reconfirmed the decision taken at the thirteenth executive session of the Trade and Development Board that item 4 would be considered at the second part of the session in February 1997. Accordingly, the agenda for the first session of the Commission was as follows:

1. Election of officers

2. Adoption of the agenda and organization of work

3. Enabling countries to respond to the opportunities arising from the Uruguay Round Agreements so as to derive maximum available benefit by: analysing the impact of the Uruguay Round Agreements on development and enhancing capacities for participation in the multilateral trading system

4. Integrating trade, environment and development: recent progress and outstanding issues

5. Provisional agenda for the second session of the Commission and any necessary preparation through expert meetings

6. Other business

7. Adoption of the report of the Commission.

D. Provisional agenda for the second session of the Commission and any necessary preparation through expert meetings

(Agenda item 5)

65. At its 5th (closing) meeting, on 21 February 1997, the Commission approved the draft provisional agenda for its second session (TD/B/COM.1/L.3).[#/]

E. Adoption of the report of the Commission

(Agenda item 7)

66. Also at its closing meeting, the Commission authorized the Rapporteur to complete the final report of the Commission on its first session, with a view to reflecting the proceedings and outcome of the first and second parts of the session.

[#/] For the provisional agenda, see annex IV.

Annex I

AGREED CONCLUSIONS

A. Agreed conclusions on enabling countries to respond to the opportunities arising from the Uruguay Round Agreements so as to derive maximum available benefit by: analysing the impact of the Uruguay Round Agreements on development and enhancing capacities for participation in the multilateral trading system a/

(Agenda item 3)

Focus of future work

1. In the context of the work programme contained in paragraph 91 of the Midrand final document, the UNCTAD secretariat should undertake studies to support the work of future meetings of the Commission and the expert meetings to be convened.

2. The secretariat should also undertake country-specific studies that should cover, among others, the impact and dynamic effects of the Uruguay Round Agreements on development and the transitional and long-term development impact of trade liberalization, the supply capacity, trade policy, and capacity-building for strengthening the participation of developing countries in the international trading system.

3. Technical cooperation by the UNCTAD secretariat on capacity-building for strengthening the participation of developing countries, and particularly the least developed countries, in the international trading system should be an important component of the work in this field. It should be demand-driven and aim to enhance the capacity of countries to promote their own development process with appropriate international cooperation. Donors are invited to continue and, if possible, increase their financing of technical assistance programmes. Technical cooperation in this field should focus particularly on the following areas:

(a) Capacity-building to assist developing countries to prepare for negotiations in the context of the built-in agenda of the Uruguay Round MTAs and improve the understanding of the implications of new and emerging issues;

(b) Accession to the World Trade Organization and problems of non-WTO members, particularly those of least developed countries;

(c) Human, institutional and legislative capacity-building to benefit from the opportunities arising from the participation in the multilateral trading system, to exercise the rights and to comply with the obligations within the Uruguay Round Agreements;

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a/ Adopted by the Commission at its 2nd plenary meeting, on 8 November 1996.

(d) To promote South-South cooperation in the area of capacity-building;

(e) Horizontal and vertical diversification in commodity-dependent countries.

4. Technical cooperation activities should be structured in a coherent and coordinated manner. Attention was drawn to the need to relate the technical cooperation activities in the area of trade with those related to commodities, services, trade efficiency, promotion of foreign direct investment and technology capacity-building.

Convening of expert meetings

5. The Commission decided to convene, in accordance with "A Partnership for Growth and Development", the following expert meetings to:

(a) consider opportunities for vertical diversification in the food processing sector in developing countries, bearing in mind successful experiences, and make action-oriented recommendations;

(b) examine opportunities/difficulties which may confront developing countries in strengthening their capacity and expanding their exports, drawing upon the situation in the health service sector.

Provisional agenda for the second session of the Commission

6. The Chairman will hold consultations on the provisional agenda for the second session of the Commission. The issue of diversification of commodity-dependent countries was suggested as a possible item for the agenda of the second session.

Looking ahead to UNCTAD X

7. It was considered useful, from the very beginning of the Commission, to reflect on its long-term perspectives. It was agreed that the work programme should be seen in a coherent form and that its overall results should provide a deep understanding as to where various policy options would lead and how they could affect the development process at large. In foreseeing the changing policy environment in many countries, work should be oriented towards providing a more solid analytical underpinning to, and empirical evidence for, understanding of the developmental impact of further trade liberalization.

B. Agreed conclusions on integrating trade, environment and development: recent progress and outstanding issues b/

(Agenda item 4)

1. The Commission on Trade in Goods and Services, and Commodities, with refe to paragraph 91(iv) of "A Partnership for Growth and Development", reaffirm importance of pursuing the work that the fourth session of the Commissi Sustainable Development proposed for UNCTAD.

2. The Commission encourages UNCTAD to continue its technical assis programme, particularly in promoting a better understanding of the linkages be trade, environment and development through its conceptual, empirical and analy work.

3. The Commission decided to convene, in accordance with "A Partnershi Growth and Development" and the UNCTAD calendar of meetings as containe TD/B/43/INF.1/Rev.2, the following expert meetings to:

(a) Examine positive measures, including innovative approaches to the the context of promoting sustainable development, particular meeting the objectives of multilateral environmental agreements (M

(b) Examine the operation, and the possible trade and investment imp of environmental management standards, particularly the ISO series, on developing countries, and the identification of pos opportunities and needs in this context.

4. The Commission took note that the UNCTAD and WTO secretariats are jo conducting a study on "Tariff peaks and escalation in the post-Uruguay context", and decided that this study be made available to its second session background document.

5. The Commission also took note of the interest expressed for future expert in the following areas:

(a) Examination of the relationships and interlinkages between the to sector, the environment and development in developing countries;

(b) Analysis of the role of FDI in promoting access to and transf environmentally sound technologies to developing countries;

(c) Innovative instruments to improve the export possibilities commodities produced in a sustainable way, especially from LDCs.

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b/ Adopted by the Commission at the 5th (closing) meeting of its session, on 21 February 1997.

Annex II

SUMMARIES BY THE CHAIRMAN

A. Summary by the Chairman on agenda item 3 a/

In spite of the difficulty involved in conducting an exhaustive assessment of the impact of the application of the Uruguay round agreements only two years after the conclusion of the Marrakesh Agreements, the Commission on Trade in Goods and Services, and Commodities has striven, on the basis of document TD/B/COM.1/2, to identify the main lines of action open to UNCTAD in this area, in accordance with the mandate entrusted to the Commission at the ninth session of the Conference. Several delegations pointed out that the first meeting inaugurated the new cycle of work of the subsidiary bodies set up at Midrand.

1. All delegations recognized the need to carry out a systematic analysis of the consequences of the Marrakesh Agreements as far as development was concerned. Some delegations wished to make this a permanent feature of the Commission's activities. All delegations also considered it necessary to help the developing countries, and particularly the LDCs, to discharge their obligations and exercise their rights in such a way as to draw the greatest benefit from the possibilities opened up by those agreements for their development strategies.

2. On the basis of an initial analysis of the application of the agreements, some delegations identified certain adverse effects on development. Several emphasized the actual shortcomings of the agreements: the lack of tariff cuts for 22 per cent of the sensitive imports for the developing countries, and the continued existence of tariff peaks, if not tariff escalation. They also found the application of the agreements to be unsatisfactory: protectionist measures were maintained in the developed countries, and assistance to the developing countries was inadequate. The same delegations highlighted the continuation of an international environment which was hostile to development, in the shape of the debt burden, the shrinking of official development assistance, stagnating investment flows and a deflationary policy pursued by the developed countries.

3. Other delegations mentioned such negative effects as the risk of divergent interpretations of the provisions of the Agreements, the existence of powerful protection measures in the developing countries too, and the erosion of preferential margins.

4. The discussions brought out positive effects: together with the expected benefits of the liberalization of trade and greater participation by the developing countries in the multilateral trade system, trade on the part of the developing countries and among developing countries themselves was growing. Furthermore, some delegations remained of the view that the developing countries continued to benefit from systems of preferences, some of which had been improved.

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a/ At its 2nd plenary meeting, on 8 November 1996, the Commission took note of the summary presented by the Chairman in his personal capacity and decided to include it in the Commission's report on its first session.

5. Many delegations, underlining the additional constraints imposed on the developing countries by the application of the obligations arising from the Agreements, concluded that there was a need to increase technical assistance to the developing countries, and particularly the LDCs, in the following areas:

(a) The strengthening of national capabilities in the developing countries, in order to help them to prepare an appropriate legal framework, while implementing human resources development programmes, with a view to joining the World Trade Organization (WTO);

(b) Support for the productive sector, with the aim of developing supply capabilities and promoting diversification of production in the developing countries, and particularly output of commodities. Some developing countries, and more specifically the LDCs, had not made substantial progress in diversifying their exports;

(c) Increased assistance in the sectors of trade information and efficiency.

6. All delegations recommended that the development dimension should serve more explicitly as a guide in UNCTAD's analytical work as well as its technical assistance activities. In keeping with the provisions of the Final Document of UNCTAD IX, that orientation should apply first and foremost to the LDCs.

7. Delegations expressed interest in efforts by the secretariat to prepare a sample of empirical studies carried out by country, by sector, by product or in terms of a combination of those criteria.

8. In accordance with its mandate, the Commission adopted agreed conclusions on item 3 of its agenda. b/

B. Summary by the Chairman on agenda item 4 c/

1. The Commission on Trade in Goods and Services, and Commodities completed its first session on 19, 20 and 21 February 1997 by considering item 4 of its agenda, "Integrating trade, environment and development: recent progress and outstanding issues", on the basis of document TD/B/COM.1/3.

2. Many delegations remarked that this item, which had already been the subject of considerable work in UNCTAD and other forums, had taken on special importance in the light of, on the one hand, the WTO Ministerial Conference in Singapore in December 1996 and, on the other, the holding in 1997 of the fifth session of the Commission on Sustainable Development, the special session of the United Nations General Assembly and of various negotiations concerning multilateral environmental agreements.

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b/ See annex I.A above.

c/ Annexed to the report by decision of the Commission at its 5th (closing) meeting, on 21 February 1997.

3. Several delegations expressed the hope that UNCTAD would continue fully to play its role with regard to analysis, definition of strategies and strengthening of the capacities of developing countries. They saw UNCTAD as an international forum capable of initiating an integrated approach linking the three topics of trade, environment and development. Other delegations felt that those topics were still insufficiently integrated, to the detriment of environmental concerns.

4. Many delegations drew attention in their statements to the environmental and development benefits likely to derive from trade liberalization. Others said that those benefits were not automatic and that trade liberalization should be accompanied by specific environmental policies. There was general agreement that poverty was a greater factor of environmental degradation than international trade.

5. The discussion revealed the importance attached to positive measures (access to markets, technology, financial resources and training, etc.), although opinions differed as to the content of those measures. Certain delegations felt that they should be as binding as trade measures. Several delegations were of the view that positive and trade measures were not incompatible, but were among the tools for better integrating trade, the environment and development. Reference was also made to their implementation at the national and international levels and to the participation of developing countries in their elaboration.

6. The debate on eco-labelling highlighted the importance of the concepts of mutual recognition and equivalency, although certain delegations thought their implementation was still difficult. Some delegations expressed concern that measures relating to process and production methods might be a source of obstacles to trade.

7. Certain delegations felt that compliance with environmental standards might entail excessive costs for SMEs, particularly those in developing countries.

8. Several delegations expressed great interest in the secretariat's "BIOTRADE" initiative, which they saw as a means of establishing a link between trade issues and environment in the sphere of biodiversity. Some delegations expressed the hope that consultations on the matter would continue.

9. Many delegations said they viewed direct foreign investment as a potential vector of technologies that were environmentally friendly and could contribute to sustainable development.

Annex III

MESSAGE FROM UNCTAD'S COMMISSION ON TRADE IN GOODS AND SERVICES, AND COMMODITIES TO THE FIFTH SESSION OF THE COMMISSION ON SUSTAINABLE DEVELOPMENT */

The UNCTAD Commission on Trade in Goods and Services, and Commodities, at the second part of its first session, held in Geneva from 19 to 21 February 1997, welcomed the first five-year review of progress achieved in the implementation of Agenda 21, to be carried out by the Commission on Sustainable Development at its fifth session and the General Assembly at its special session in 1997. Governments have taken steps to anchor the concept of sustainable development and Agenda 21 follow-up activities firmly in the work programme of UNCTAD.

The Commission considered that the conclusion of the Uruguay Round has furthered the process of trade liberalization, opening new opportunities for sustainable development and growth. However, marginalization remains a risk for developing countries, especially the LDCs, and could hamper their benefiting from resources which trade may generate for enhancing sustainable development.

The Commission recalled the strong commitment at Rio to a global partnership for sustainable development, and reiterated the high priority attached by UNCTAD to the acceleration of development that is environmentally sound and sustainable. The Commission stressed the urgent need for renewed efforts at both national and international levels to make trade and environmental policies mutually supportive and, more generally, to promote sustainable development, including by designing and implementing positive measures and by providing effective economic incentives.

As requested by UNCED, UNCTAD has actively sought to play effectively its special role in promoting the integration of trade, environment and development. UNCTAD has in particular taken appropriate steps to implement the recommendations of the CSD, in particular by endorsing at UNCTAD IX the work that the CSD, at its fourth session, proposed for UNCTAD.

UNCTAD looks forward to a substantive outcome of the special session of the General Assembly. As the focal point within the United Nations for dealing with trade and related issues of development and as the task manager on trade, environment and sustainable development, UNCTAD stands ready to meet the challenges of a revitalized agenda on trade and sustainable development.

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*/ Adopted by the Commission at its 5th (closing) meeting, on 21 February 1997.

Annex IV

PROVISIONAL AGENDA FOR THE SECOND SESSION OF THE COMMISSION */

1. Election of officers

2. Adoption of the agenda and organization of work

3. Diversification in commodity-dependent countries

4. Ways and means for improving the opportunities for the expansion of exports of goods and services from developing countries

5. Reports of subsidiary bodies

6. Provisional agenda for the third session of the Commission

7. Other business

8. Adoption of the report of the Commission to the Trade and Development Board.

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*/ Approved by the Commission at its 5th (closing) meeting, on 21 February 1997.

Annex V

ATTENDANCE */

1. The following States members of UNCTAD were represented at the session:

Algeria
Argentina
Australia
Austria
Bahrain
Bangladesh
Belarus
Bhutan
Bolivia
Brazil
Bulgaria
Canada
Chile
China
Colombia
Costa Rica
Côte d'Ivoire
Croatia
Cuba
Czech Republic
Democratic People's Republic of Korea
Egypt
El Salvador
Ethiopia
Finland
France
Germany
Ghana
Greece
Haiti
Honduras
Hungary
India
Indonesia
Iran (Islamic Republic of)
Iraq
Ireland
Israel
Italy
Jamaica
Japan
Jordan
Kenya
Libyan Arab Jamahiriya
Luxembourg
Madagascar
Malaysia
Malta
Mexico
Morocco
Mozambique
Myanmar
Nepal
Netherlands
Nigeria
Norway
Pakistan
Panama
Paraguay
Peru
Philippines
Poland
Portugal
Republic of Korea
Romania
Russian Federation
Saudi Arabia
Senegal
Slovakia
South Africa
Spain
Sri Lanka
Sudan
Sweden
Switzerland
Thailand
The Former Yugoslav Republic of Macedonia
Trinidad and Tobago
Tunisia
Turkey
Ukraine
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America
Venezuela
Zambia
Zimbabwe

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*/ For the list of participants, see TD/B/COM.1/INF.1.

2. The following States members of UNCTAD were represented as observers at the session:

Angola
Burundi
Dominican Republic
Ecuador
Guatemala
Kyrgyzstan
Mauritius
Nicaragua
Yemen

3. The Economic Commission for Europe
United Nations Environment Programme were represented at the session.
The International Trade Centre UNCTAD/WTO was also represented at the session.

4. The following specialized agencies and related organization were represented at the session:

Food and Agriculture Organization of the United Nations
International Monetary Fund
United Nations Industrial Development Organization
World Trade Organization

5. The following intergovernmental organizations were represented at the session:

Arab Labour Organization
Caribbean Community
European Community
European Free Trade Association
International Organization for Migration
Islamic Development Bank
League of Arab States
Organization of African Unity
Organization of the Islamic Conference

6. The following non-governmental organizations were represented at the session:

General Category

International Chamber of Commerce
International Council of Environmental Law
Third World Network
Women's International League for Peace and Freedom
World Federation of United Nations Associations
World Wide Fund for Nature International

Special Category

International Air Transport Association

7. The following non-governmental organization, specially invited by the secretariat, attended the session:

World Business Council for Sustainable Development

PANELLISTS

Mr. A. Artuso
Mr. A. de la Peña
Mr. J.C. Sanchez Arnau
Mr. M. Tolba

كيفية الحصول على منشورات الامم المتحدة

يمكن الحصول على منشورات الامم المتحدة من المكتبات ودور التوزيع في جميع انحاء العالم . استعلم عنها من المكتبة التي تتعامل معها أو اكتب الى : الامم المتحدة ،قسم البيع في نيويورك او في جنيف .

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ed at United Nations, Geneva
7-50613–March 1997–1,955

United Nations publication